UNDP

UNITED NATIONS DEVELOPMENT PROGRAMME

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ENGLISH

APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF BOLIVIA

IPF:(1987-91) $ 23 500 000

(BOL/90/028) - Support to the Productive Sector and Trade Promotion

Date of approval by the AC:[1/]	20 February 1991
Expected duration:	21 months
Proposed executing agency:	UNDP/OPS
Government implementing agency:	Ministry of Industry and Commerce Ministry of Planning and Co-ordination Institute for Export Promotion (INPEX)
Third-party cost sharing:	$ 1 351 400 Source of funds:IPF
Total UNDP budget:	$ 1 351 400

Project background

The new economic policy which the Government has been implementing since 1986 is oriented towards free trade and fully recognizes the need for Bolivian products to be competitive on the international market. Many distortions and restrictions affecting foreign trade have already been eliminated, through the adoption of customs and monetary measures. At the same time, the institutional framework for this sector has been reviewed to make it more effective in applying the economic policies fostering investments and exports. This review has resulted, inter alia, in the establishment of the Bolivian Institute for Export Promotion (INPEX) and in the delegation of some functions directly to the Confederation of Private Enterprises.

The Export composition in Bolivia still shows a very high concentration in the traditional products (natural gas and minerals), while the share of non-traditional export is still very limited, in spite of the good potential of some product categories, especially wood manufacturing, leather and textile products. The process of expansion and diversification of Bolivian exports is, however, still at an initial stage, since : (a) the Government has not yet adequately developed its capacity to devise specific and effective measures to promote exports and to monitor their performance; (b)

[1/] This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

the knowledge of international markets for non-traditional products is insufficient; (c) the institutions of the sector do not provide yet the effective assistance which is required by the productive sector and are not yet well co-ordinated among them; and (d) the productive sector requires more specific information on external markets and technical support in order to make sound investment decisions and improve and increase production.

IDB and UNDP, through the project (BOL/87/006) - Policies for the Productive Sector, have assisted the Government in addressing the two inter-linked issues of industrial production and export promotion. In spite of this, UNDP assistance is still required to improve the productive sector and trade promotion.

Description of project

The proposed project is part of a package of projects focused on the foreign trade aspects of the Bolivian economy and deals with the global aspects of the sector, while other projects deal with the related areas of investment promotion and of improved production and export promotion of specific product categories.

The immediate objectives are to: **(1) at the macro-economic level:** establish policies and strategies related to external trade and productive sectors; **(2) At the sectoral level:** strengthen the capacity of the Ministry of Industry and Trade to prepare sectoral strategies related to the macro-economic policies, and to provide support services to producers; and **(3) At the sub-sector level** strengthen the capacity of the newly established Institute for Export Promotion to effectively promote non traditional exports.

Project activities will include: (a) evaluating options and implementing policies and mechanisms able to stimulate exports and limit unfair competition; (b) monitoring and evaluating the impact of adopted policies and capable of designing methodologies and models for the analysis of the performance of the productive sectors; (c) establishing an operational computerized commercial information system accessible by private enterprises; (d) developing a mechanism to channel technical co-operation towards industrial restructuring; (e) providing effective services and training to exporters; (f) training staff of INPEX ; and (g) establishing integrated programs to promote selected non-traditional exports .

Inputs

UNDP will provide 430 work-months of international and national experts in macro-economic policy, international trade, customs policies, commercialization, trade information, export promotion, industrial economics, marketing, econometrics, industrial technology, systems analysis; group and in-service training; computer equipment and a contingencies allocation.

Financial data

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Personnel	1 109 600
Training	79 000
Equipment	40 000
Contingencies	122 800
Total	1 351 400